

RECORDATION NO. 25136-A FILED

AUG 11 '04 2-42 PM

SURFACE TRANSPORTATION BOARD

OF COUNSEL
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ELIAS C. ALVORD (1942)
ELLSWORTH C. ALVORD (1964)

August 10, 2004

Mr. Vernon A. Williams
Secretary
Surface Transportation Board
Washington, D.C. 20423

Dear Mr. Williams:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11301(a) are three (3) copies of a Memorandum of Master Lease Agreement (Rider No. 2), dated as of August 6, 2004, a secondary document as defined in the Board's Rules for the Recordation of Documents.

The enclosed document relates to the Memorandum of Master Lease Agreement which is being filed with the Board under Recordation Number _____.

The names and addresses of the parties to the enclosed document are:

Lessor: Babcock & Brown Rail Funding LLC
230 Park Avenue
New York, NY 10169

Lessee: Union Pacific Railroad Company
1416 Dodge Street
Omaha, NE 68179

Mr. Vernon A. Williams
August 10, 2004
Page Two

A description of the railroad equipment covered by the enclosed document
is:

73 railcars CHTT 503481 – CHTT 503553

A short summary of the document to appear in the index is:

Memorandum of Master Lease Agreement (Rider No. 2)

Also enclosed is a check in the amount of \$30.00 payable to the order of
the Surface Transportation Board covering the required recordation fee.

Kindly return stamped copies of the enclosed document to the
undersigned.

Very truly yours,



Robert W. Alvord

RWA/anm
Enclosures

RECORDATION NO.

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SURFACE TRANSPORTATION BOARD

MEMORANDUM OF MASTER LEASE AGREEMENT

BETWEEN

BABCOCK & BROWN RAIL FUNDING LLC ("LESSOR")

AND

UNION PACIFIC RAILROAD COMPANY ("LESSEE")

EFFECTIVE AS OF AUGUST 6, 2004

RIDER NO. 02

EFFECTIVE AS OF AUGUST 6, 2004

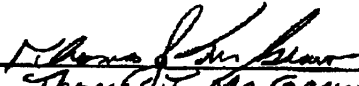
Memorandum of a Master Lease Agreement effective as of August 6, 2004 and Rider No. 02 thereto effective as of the same date, by and between Babcock & Brown Rail Funding LLC, a Delaware limited liability company (the "Lessor") and Union Pacific Railroad Company, a Delaware corporation (the "Lessee").

WITNESSETH:

1. Lessor has agreed to furnish to Lessee, and the Lessee has agreed to lease from Lessor seventy-three (73), 286,000 GRL, aluminum outside stake BethGon® II coal gondola railcars, 4520 CF, AAR car type code J311, manufactured by Johnstown America Corporation in 2004, marked and numbered CHTT 503481-503553, inclusive.
2. The Master Lease Agreement and Rider No. 02 shall be effective as of August 6, 2004, and shall be subject to the Term, as described in the Master Lease Agreement and Rider No. 02.

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be signed and sealed by their respective corporate officers as of the date and year first above written.

LESSOR: BABCOCK & BROWN RAIL FUNDING LLC


By: Thomas J. McGraw
Title: Vice President

LESSEE: UNION PACIFIC RAILROAD COMPANY

By: _____
Title: _____

Memorandum of a Master Lease Agreement effective as of August 6, 2004 and Rider No. 02 thereto effective as of the same date, by and between Babcock & Brown Rail Funding LLC, a Delaware limited liability company (the "Lessor") and Union Pacific Railroad Company, a Delaware corporation (the "Lessee").

WITNESSETH:

1. Lessor has agreed to furnish to Lessee, and the Lessee has agreed to lease from Lessor seventy-three (73), 286,000 GRL, aluminum outside stake BethGon® II coal gondola railcars, 4520 CF, AAR car type code J311, manufactured by Johnstown America Corporation in 2004, marked and numbered CHTT 503481-503553, inclusive.
2. The Master Lease Agreement and Rider No. 02 shall be effective as of August 6, 2004, and shall be subject to the Term, as described in the Master Lease Agreement and Rider No. 02.

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be signed and sealed by their respective corporate officers as of the date and year first above written.

LESSOR: BABCOCK & BROWN RAIL FUNDING LLC

By: _____
Title: _____

LESSEE: UNION PACIFIC RAILROAD COMPANY


By: Karen A. Watson
Title: General Director-
Mechanical Purchasing

STATE OF CALIFORNIA ~~NEW YORK~~)
NEW YORK) ss.
COUNTY OF SAN FRANCISCO)

On this 17th day of August 2004, before me personally appeared TOM Mc GRAW to me personally known, who being by me duly sworn, says that s/he is the Vice President of Babcock & Brown Rail Funding LLC, that the foregoing instrument was signed on behalf of said limited liability company, and s/he acknowledged that the execution of the said instrument was her/his free act and deed.

Karen A. Houlihan
NOTARY PUBLIC

My commission expires: Dec 4, 2006

KAREN A. HOULIHAN
Notary Public, State of New York
No. 01HO6051904
Qualified in New York County
Commission Expires December 4, 2006

STATE OF NEBRASKA)
COUNTY OF DOUGLAS) ss.

On this 17th day of August 2004, before me personally appeared Karen L. Houlihan to me personally known, who being by me duly sworn, says that s/he is the Secretary & Purchasing of Union Pacific Railroad Company and that the foregoing instrument was signed on behalf of said corporation, and s/he acknowledged that the execution of the said instrument was her/his free act and deed.



Deborah L. Vornbrock
NOTARY PUBLIC

My commission expires: January 15, 2008

CERTIFICATION

I, Robert W. Alvord, attorney licensed to practice in the State of New York and the District of Columbia, do hereby certify under penalty of perjury that I have compared the attached copy with the original thereof and have found the copy to be complete and identical in all respects to the original document.

Dated: _____

8/10/04



Robert W. Alvord